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SUBJECT: YAROSLAVL: AUTHORITIES CONTAIN SOCIAL UNREST IN
WAKE OF MASSIVE LAYOFFS

Classified By: Political Minister Counselor Alice Wells. Reason: 1.4
(b), (d).

¶1. (SBU) Summary: Despite massive layoffs and public sentiment worries in one of the economic crisis' hardest hit areas, for now, authorities in Yaroslavl have managed to defuse the potential for social unrest in the region. Prime Minister Putin's December visit to the area to promote job development notwithstanding, Yaroslavl is bracing for further economic turbulence as an estimated 20,000 people out of the city's 600,000 have already been sacked from their jobs, and more cuts are anticipated. End Summary.

¶2. (SBU) A February 25-26 visit to Yaroslavl, an historic Golden Ring city north of Moscow, that relies on the manufacturing of aircraft and car parts, revealed a region impacted by the economic crisis. Discussions with journalists, opposition party leaders, and NGO officials all maintained that, despite the deteriorating economic situation, there was little concern that social unrest was imminent.

Putin's Visit Highlights Regional Woes

¶3. (C) The deteriorating employment situation in Yaroslavl was the focus of Prime Minister Putin's first session of the government commission on regional development, held in December, when he visited two industrial enterprises in the region. Journalists Tatyana Kolesova and Andrey Orlov told us that Putin visited the aircraft production company, Saturn, to reassure people in the wake of major job cuts of government support. Tatyana Borodina, the Head of the Center of Social Partnership, told us that Putin visited another struggling factory, Ryabinski Motori, 70 km from Yaroslavl. Ryabinsk heavily depends on this factory, as 60 percent of the workforce from this town of only 30,000 is employed there. The company was unable to pay salaries and, since the employees were working for free (with wage arrears growing), Putin allocated token amounts of state funds to the company. Borodina told us that Putin's visit "was like a show." Yaroslav Yudin, Deputy of the Yaroslavl City Duma, stated that Putin went to Yaroslavl "because he had to, but there were no big results."

Massive Factory Layoffs

¶4. (C) In the past three months, Yaroslavl has endured the loss of over 20,000 jobs, generally in the form of massive factory layoffs. Additionally, many other factories have cut their working weeks from five to three or four days. Kolesova and Orlov worried that the combined population of three industrial areas, Yaroslavl, Ryabinsk, and Cherepovets, is about a million people and that since all are experiencing significant job losses, people are bracing themselves for a very difficult year. In June 2008, Communists launched

protests at the factory in Motorni Zavod, 30 km from Yaroslavl, the only enterprise in the town and one that employed many people from nearby Yaroslavl as well. Protesters complained about job cuts and cost of living expenses. According to Kolesova and Orlov, the United Russia-dominated local and regional governments have refused permission to the Communists for further public protests; nevertheless, on January 18, 2009 demonstrations did take place in Tutaev, about 60 km from Yaroslavl in response to massive job cuts at all plants in the town.

Other Potential Factors for Unrest

15. (C) Despite these signs of deepening economic hardship in Yaroslavl, widespread social unrest has yet to manifest itself. Borodina told us that the main trade center in Yaroslavl used to be bustling, but is now tiny; small and medium-sized businesses are going bankrupt, particularly since a few monopolies dominate the market; inflation has increased roughly 25 percent in the past six months (a high figure compared to other areas that are also experiencing inflation); communal services have increased in the new year; and corruption is rampant. Kolesova and Orlov said that small businesses that pay bribes to bureaucrats will have difficulty surviving if they are no longer able to afford the bribes.

16. (C) Right Cause Representative Aleksandr Kubayev told us how construction plans for Yaroslavl's 1000 year anniversary in 2011, have ground to a halt. He also stated that "there is a sense of panic in Yaroslavl, a crisis of trust among

MOSCOW 00000555 002 OF 002

businessmen." He cited recent incidents of bandits stopping trucks on the road and robbing drivers. He also mentioned anecdotally that unemployed people appear to be consuming more vodka as a means of coping when they are unable to find work.

17. (C) Kolesova and Orlov said they fear that a budget crisis will occur as revenues fall. In turn, they fear that the government will not be able to meet its social obligations. Much like in other parts of Russia, workers in Yaroslavl lack diverse skill sets since they have worked in factories in Yaroslavl all their lives and, therefore, have neither the skills nor the mobility to seek either different work or work in a new location. Yudin added that there is a serious credit problem since banks do not want to take a risk and loan interest rates are extremely high. He was disappointed that the government has been discussing unemployment, but has not implemented a concrete anti-crisis program. Since his government job is unpaid, Yudin, himself, works a second job at a travel agency. Although at first he appeared composed behind his expensive Roberto Cavalli tie, he then confessed that the tourism business was so bad that he, himself, was looking for a new job!

Opposition Groups Keep Low Profile

18. (C) Aside from the Communist protest and some minor protests in outlying areas, opposition groups are not robust in Yaroslavl. According to Borodina, "opposition groups are not very active" in the area. As an example of the town's stability, she told us how the mayor has been in power for 20 years. The newly-formed Solidarity Movement held a small gathering in the end of February to discuss the financial crisis, but it was a peaceful and non-confrontational event. Kubayev and Yabloko Deputy Chair Marina Kandybina both said that they would not participate in the event since they do not have close relations with the other opposition parties in the area. They both agreed that opposition groups would not make waves in the area, even during economic upheaval. Deputy Yudin said that people are afraid about the state of the economy, but that they are just sitting at home and are

not protesting. He told us that "the opposition does not have any power so there are no protests."

Lack of Media Access

¶9. (C) Journalists Kolesova and Orlov both complained that there is very little information in Yaroslavl about the crisis. They maintained that people are unaware of the deepening crisis and are only able to obtain news via Moscow-based, state-run election media outlets. Borodina said that the number of media outlet correspondents in Yaroslavl has been cut due to the lack of advertisement revenue. Her organization runs a small, free newspaper with a circulation of 2000, which the National Endowment for Democracy and Soros funded. She has faced considerable harassment and her young daughter who works with her was arrested twice in connection with her research for this newspaper. Yudin stated that the media is unable to write what it wants regarding the crisis, but that there are still some stories in the more expensive publications.

Comment

¶10. (SBU) Yaroslavl may be typical of many Russian regions feeling the economic pain of the sharp downturn. Despite layoffs, tight governmental controls, limited information, and negligible social movements or opposition political parties to take advantage of citizen upset have kept prospects of mass social unrest low for now.
BEYRLE